



# **Arbitration Policy (In-Lane and Online)**

Revised September 11, 2019

## General Policies:

### 1. Fair and Ethical Sale

The sales made at an Auction are intended to promote fair and ethical treatment to both the Buyer and the Seller. If Auction determines that the transaction is not fair and ethical to either party, the Seller and the Buyer agree that the Auction may cancel the sale, at its sole discretion. Federal, State and Local laws supersede these policies where applicable.

### 2. Auction Role in Sale:

- a. Auction makes no representations or guarantees on any vehicle sold or offered for sale.
- b. Auction is not a party to the contract of the sale. The sales contract is between the Seller and the Buyer only.
- c. All vehicles bought or sold on the premises must be processed through the Auction office. Failure to do so will result in suspension of trading privileges at the Auction.
- d. Auction reserves the right to review any audio/video documentation to verify the accuracy of a sale.
- e. Any vehicle consigned with the Auction is subject to government inspection, with or without prior notice, by the FBI, State Police, National Auto theft Bureau, Local Police Authorities, and any other governmental or quasi-governmental agency.

### 3. Auction VIN Policies

All vehicles consigned must have a visible public Vehicle Identification Number (VIN) plate attached to the vehicle by the manufacturer or state inspector (state reassigned VIN only). Those vehicles having a reassigned VIN plate by the State in place of the original VIN plate must be announced or will be subject to sale cancellation or Buyer return. Auction reserves the right to refuse the sale of any vehicle in which the VIN plate appears to be altered in any way.

## Sale Light System

Auction has a standard light/video display system to describe the condition and/or disclosures related to the vehicle being sold. The system is defined as:



**Green Light – Ride & Drive:** Vehicles guaranteed by the seller not to have any single mechanical defect (excluding radios) costing more than \$300.00 to repair at wholesale repair cost.



**White Light - Auction Guarantee:** Seller guarantees vehicle to have good head gaskets, engine block, rods, crank, pistons, transmission, transaxle, transfer case, 4x4 and rear end. **CLUTCH, CV JOINTS, HUB BEARINGS, OIL and COOLANT LEAKS CAN NOT BE ARBITRATED.** **Any mechanical condition which the manufacturer or franchised dealership's certified technician deems normal or inherent in a particular vehicle shall not be subject to arbitration.** Chrysler, Jeep, and Ford products with differential repairs and/or defects are not eligible for arbitration, regardless of seller. Honda Motor Company LTD products with driveline whines are not eligible for arbitration.



**Red Light – As Is:** Seller guarantees nothing except the vehicle is not frame (or unibody) damaged or flood damaged and has proper emissions devices and air bags.



**Blue Light – Title Attached:** Assignable title is not available at the time of the sale. Seller must announce “Title Attached” on the block and deliver the title to the auction within 28 days of the sale. If buyer does not receive a title on or before the 28th day they may give a 24-hour notice to the auction and bring the vehicle back. Buyer shall return the vehicle, in the same condition as purchased, at their expense. Seller will be charged the normal sale fees.



**Yellow Light – Caution, Announced Defects of Condition:** Vehicle is sold with pre-announced declarations, which are not subject to arbitration. This light can be used in conjunction with any other light.

## ***Seller Responsibilities***

1. Seller will be held responsible for the accuracy and completeness of all representations or descriptions. This includes handouts, catalogues, vehicle markings, condition information or vehicle listings, and verbal or written statements made by Seller, Auction, Auctioneer, or Selling Representative at the time of sale. This includes the condition report written by or on behalf of the Seller as per the “NAAA Generic Condition Report Position Statement”. The Seller understands that the sale light/video display is a binding arbitration representation of vehicle condition, and is therefore responsible for ensuring that their vehicles sell under the correct light in the lane. Corrections to vehicle description and announcements can change up until the time the vehicle crosses the auction block. It is the Buyers responsibility to listen to all current announcements.
2. Mileage announcements are required for all vehicles. Unknown miles, exempt title, reconstruct, salvage, flood, and any other material title brands must be announced. Theft recover history, lemon law buyback history, and trade assist history must also be declared.
3. Announcements are required for any matters that relate to the safety or integrity of the vehicle including as per the stated dollar threshold and disclosure requirements stated in this policy, all requirements under local, state or federal statutes or regulations. Announcements must be made both verbally and disclosed on the Auction invoice/sale contract/bill of sale or equivalent document in a physical or online auction environment.
4. The announcement of the presence of warning lights does not exempt a Seller from arbitration responsibilities as defined by the policy. The issue/defect found to be the cause of the light may be arbitrated within the stated time period and dollar amount threshold according to this policy.
5. The availability of a manufacturer’s warranty shall not affect a Buyer’s right to arbitrate a vehicle. Regardless of the warranty coverage in terms of the root cause of the complaint, an announcement may be required.
6. In the event of a successful arbitration by the Buyer, the Seller is responsible for reimbursement of all reasonable documented expenses incurred by the Buyer (excluding profit and commissions) on vehicles arbitrated for undisclosed conditions. Reimbursements that qualify under these guidelines will be at the sole discretion of the Auction and will be limited to reasonable and documented expenses. There will be no expense reimbursements to the Buyer on mechanical arbitrations that are requested during the " Ride and

Drive" time period, which ends at 5pm the next business day after sale. Seller will also be responsible for the Auction's arbitration fee and diagnostic expenses.

7. Seller will not be paid for vehicles in arbitration until arbitration is settled and vehicles are sold. For arbitrations occurring after the Seller has been paid, Seller is required to promptly return the payment to the Auction if the transaction is voided as a result of arbitration.
8. It is highly recommended that the Seller completes formal consignment form listing description, declarations, and floor price. Auction will not be liable for misunderstandings and errors, including selling a vehicle below the floor price, where Seller gave only verbal instruction to the auction.
9. Sellers are strongly encouraged to purchase a Vehicle Pre-Check (PC) or Vehicle Condition Report (CR) to help identify potential issues prior to offering vehicle for sale.

## ***Buyer Responsibilities***

1. Prior to placing bids, the Buyer is responsible for inspecting the vehicle, listening to and reviewing any verbal or written announcements and disclosures made by the Seller, Auction, Auctioneer, or Selling representative. Buyers are also responsible for reviewing all pertinent information available online, including, but not limited to, announcements, disclosures, condition reports, pictures and online listings. Buyers are also responsible for observing and understanding the sale lights (Green, Green/Yellow, Yellow, Red, White, and/or Blue), which identify various sale conditions for the vehicle. Once the vehicle is sold, the Buyer must review the Auction sales receipt or appropriate document to confirm the vehicle price, disclosures and announcements are correct before legibly printing and signing their name or digitally/electronically signing the Auction sales receipt or appropriate document.
2. It is strongly encouraged that a Buyer should have a Post Sale Inspection (PSI), or Sale Day Check (SDC) performed on purchased vehicles which qualify, prior to the end of arbitration deadlines. A PSI or SDC is required for all qualifying vehicles purchased online.
3. Buyer reimbursement by Seller after arbitration:
  - a. The Seller/Auction shall not be liable for any expenses before the title is received by the Buyer from the Auction. Buyers are cautioned not to sell vehicles prior to receiving the title from the Auction
  - b. There is no expense or transportation reimbursement for vehicles arbitrated during the standard arbitration period (2 hours after end of sale, or finalization of "IF" sale.)
4. The Buyer is financially responsible for any pending sale and assumes all risk of loss until arbitration is final.
5. The Buyer or Buyer's agent (transporter or driver) must document any damage on the gate release prior to removing the vehicle from the Auction or facilitation service provider's location. Auction or facilitation service provider and Seller will not be responsible for any damage not identified on the gate release once the vehicle is removed from the location.
6. The Buyer shall not surrender possession of the vehicle to any claimant, except as required by legal process, nor shall Buyer voluntarily pay or acknowledge the validity of any claim, without the prior approval of Auction. Time is of the essence. Any failure on the part of the Buyer, after becoming aware of said claim, to notify

Auction of any claim in a timely manner or failure of the Buyer to cooperate in defending any such claim shall relieve Auction and Seller of any liability under this policy.

7. A vehicle is not considered returned until received, inspected and approved for return by Auction management. Any vehicle returned must be in the same or better condition as when sold. Any vehicles delivered to and left on Auction premises without Auction approval remain the sole responsibility of the Buyer. Buyer assumes all risk of loss. Vehicle must be returned in a timely manner consistent with Auction direction.
8. Auction reserves the right to reject arbitration requests on vehicles where the Buyer has accrued an unreasonable amount of miles on the vehicle prior to returning it to auction. Reasonable miles shall be determined solely by the Auction based upon the Buyer's location and circumstances.

## ***Title Arbitration Policy***

1. All titles submitted by Seller must be in Seller's company name on title or on a properly executed reassignment form. The Seller guarantees the titles of vehicles that are sold through Auction. This guarantee of the title warrants that the title shall be marketable and free and clear of all liens and encumbrances. This includes any brand (such as "salvage") noted upon the current or any prior certificate of title unless such encumbrances were announced at the time the vehicle is sold through Auction and for a period of four (4) years from the date of sale. Seller's liability under this title guarantee shall never exceed the Auction sale price (the "maximum amount") of the vehicle, and this maximum amount shall be reduced by two percent (2%) per month following Auction sale date. All liability under this title guarantee shall expire and terminate four (4) years after Auction sale date. Auction will not be responsible for any expenses incurred on vehicles returned for late title.
2. Seller warrants, represents and guarantees possession and conveyance of a certificate of title, properly executed, valid in the state where the transaction is occurring and clear of all liens and encumbrances (except current year DMV fees in California), and Seller warrants and will defend the title against the claims and demands of all persons whatsoever.
3. Titles must be reassigned directly to Buyer. Any title assigned directly to the Auction will not be accepted.
4. Seller will not be paid for vehicles until a transferable title is received.
5. Auction accepts no responsibility for non-titled vehicles sold at auction. Seller must announce the vehicle is being sold with a bill of sale only and that there is no title to transfer. All non-titled vehicles and equipment will be sold "As-Is."
6. If the title problem is due to a clerical or coding error, or incomplete documentation, Auction shall be given reasonable time after receiving notice to have the error corrected.
7. Paperless titles will not be accepted.
8. Where legal by municipal and/or state law, any vehicle being offered for sale with a foreign (non-US) title must be disclosed prior to the sale by the seller. Disclosure requirements and time limits are subject to local Auction title policy. Vehicle must be legal to sell in the United States.

9. Seller has a maximum of 28 days (sale day is day 1), to provide negotiable title to the Auction if the vehicle was run under the Blue-Light (Title Absent). If title has not been received by Auction after 28 days, it is the Buyer's option to return the vehicle. A 24 hour notice to the Auction is required of the Buyer in order that the Auction may make a final attempt to obtain the title from the Seller. The Buyer may give notice of intent to return the vehicle on the 27th day after sale
10. In regard to defect in title, and in any matter relating to odometer mileage, odometer statements, or damage disclosure statements: Seller and Buyer agree to indemnify and hold harmless Auction from any liability, loss costs, damage or expense, including attorney fees which may arise either directly or indirectly from the sale and purchase of the consigned vehicle including but not limited to title services provided.
11. Whenever any claim is made by any person against the title of a vehicle, whether by suit or otherwise, the Buyer, after becoming aware of said claim, shall immediately notify Auction. This involves giving full particulars of claim, cooperating fully in defending any legal action, and in taking other steps to minimize possible loss.

## ***Arbitration Guidelines***

OKI Auto Auction has arbitration policies that differ from the National Auto Auction Association (NAAA) standards to accommodate for our unique market conditions and operating environment. These guidelines are used to resolve disputes between Buyers and Sellers which involve title/odometer, mechanical, flood damage, and body & frame issues.

The auction has not verified and makes no representations or guarantees as to the description, year, equipment, warranties, title status/accuracy or odometer on any vehicle sold or offered for sale. **The auction does not guarantee or get involved in any factory or dealer warranty coverage issues on vehicles sold or offered for sale at the auction. Please refer to the auction's general policies, and invoice, for further policies.**

All guarantees set forth in this Arbitration Policy are guarantees of the seller, not the Auction. The Buyer assumes the responsibility to verify all of the Seller's representations, warranties and descriptions, and to notify the Auction's Arbitration Department of any discrepancies by the end of the day of sale, or as specified in the guarantees.

### **Electronic Vehicle History Discrepancy Reports**

Vehicles cannot be arbitrated for discrepancies in Electronic Vehicle History reports such as Auto Check and Carfax. These reports are indicators a problem may exist however, arbitration will not be considered valid without further evidence a problem exists.

## ***Important reminders concerning Arbitration***

**THERE WILL BE NO ARBITRATIONS FOR ANY REASON FOR ALL VEHICLES SOLD FOR \$200 OR LESS.**

**There shall be no arbitration** unless the Buyer notifies the Auction Arbitration Manager and provides a completed arbitration form specifically identifying all covered defects; failure to direct all arbitration inquiries to Arbitration Manager or Arbitration Personnel will cause vehicle to be ineligible for arbitration. A vehicle can only be arbitrated once.

**Time Limits:** Vehicles must be arbitrated within **TWO HOURS** after the conclusion of the auction, unless otherwise stated within this document. IF SALES can be arbitrated up to **TWO HOURS** after the approval of the IF SALE.

**Inherent Conditions:** Any mechanical condition which the manufacturer or franchised dealership's certified technician deems normal or inherent in a particular vehicle shall not be subject to arbitration.

**Ineligible Items:** Chrysler, Jeep, and Ford products with differential repairs and/or defects are not eligible for arbitration, regardless of seller. Honda Motor Company LTD products with driveline whines are not eligible for arbitration.

**Arbitration Fees:** See the local fee schedule for amounts and handling of arbitration and inspection fees.

**Sale and Buyer Fees:** Seller may be charged the Sale Fee and Buyer Fee on a rejected vehicle if the Auction determines that there is a willful disregard for the disclosure requirements.

**Seller Notification:** The Auction will make every effort to notify Seller when a vehicle is placed in arbitration. Failure of a Seller to receive notification will not affect the validity of the arbitration.

**Vehicle Return:** If a vehicle is eligible for arbitration or rescission after it has left the Auction, the Buyer will have 72 hours to return it to the Auction in the same or better condition, unless otherwise stated in this document. The Auction may, at its discretion, allow longer if circumstances warrant.

**Arbitration Disputes:** Contested mechanical arbitration decisions will be submitted to a third party for evaluation. The third party will be a New Car Dealer for the make of the vehicle being arbitrated. If the third-party evaluation is in agreement with the Auction arbitration decision, the expense of the evaluation will be the responsibility of the dealer requesting the additional vehicle inspection. **There will be no third-party arbitrations on vehicles over ten years of age or 130,000 miles.**

### ***As-Is Vehicles (Sold under Red Light)***

"As-Is" vehicles cannot be arbitrated except for title issues or multi-day arbitrable items as listed in the next section. Vehicles that meet any one of the following conditions are sold "AS-IS":

1. Any vehicle announced "As-Is"
2. Any vehicle sold for **\$1300** or less
3. Recreational vehicles, boats, buses, motorcycles, dune buggies, trailers, snowmobiles, jet skis, antiques, and kit cars.
4. Push or tow through units
5. All taxis, governmental or municipality vehicles

### ***Multi-Day Arbitrable Items***

#### **Multi-Day Arbitrable Items**

Vehicles that have any of the following defects, conditions or discrepancies that were not disclosed or announced at the time of the sale and were sold for over \$200 must be reported to the Auction, within the time listed below, after the vehicle was sold at the Auction, in order to be eligible for arbitration. Vehicles must be returned to the Auction in the same or better condition than when purchased. Expense reimbursements will be at the sole discretion of the auction and will be limited to reasonable and documented expenses and transportation only. Lost profit, commissions, floor-plan expenses, vehicle upgrades, and reconditioning, etc. will not be reimbursed. Sale day is Day 1.

#### **SEVEN-DAY ARBITRABLE ITEMS**

1. **Frame/Unibody Damage** - Defined by the Auction with reference to the NAAA standards.
  - Minor components welded or removed from frame (trailer hitches, bumpers, etc.) are not considered frame damage unless they have compromised the structural integrity of the vehicle.
  - Lowered/Raised vehicles must be announced and are subject to frame damage guarantees if frame is altered.
  - Minor dents in frame/structure that do not affect the structural integrity of the frame will not be considered frame damage.
2. **Flood and Fire Damage** – Defined by the Auction with reference to the NAAA standards.
3. **Fuel/Engine Conversions and Replacements** – five-year-old vehicles or newer
4. **Former taxis, government or municipal vehicles.**

#### **48-HOUR ARBITRATABLE ITEMS**

1. Vehicles not conforming to all federal regulations

#### **24-HOUR ARBITRATABLE ITEMS**

1. Non-working odometers
2. All titles discrepancies- 24hrs after receipt of title